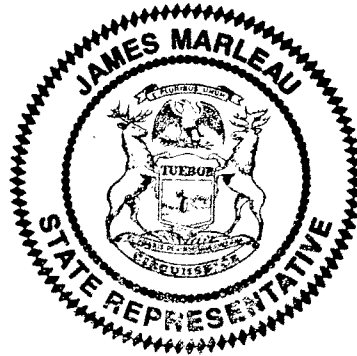


Via: Facsimile, E-mail, and U.S. Mail

January 15, 2008

Mr. Azzam Elder
Deputy County Executive
Wayne County
600 Randolph, 3rd Floor
Detroit, MI 48226



Dear Mr. Elder:

The Oakland County Executive has asked me to respond both to your e-mail of January 3, 2008, and to the January 8, 2008, overtures of your emissaries, Mr. Paul Welday (in person) and Mr. Ben Maibach (by e-mail), all pleading that we act "with a sense of urgency" to "come to a deal before the opening of the International Auto Show."

Your persistent refusal to deal in any substantive manner with the County Executive's conditions precedent to consideration of support for a regional convention facility, first published on June 1, 2004, slightly revised and republished on August 20, 2005, and again reiterated in writing on February 7, 2007, makes clear that your "sense of urgency" applies only to consideration of Wayne County's Cobo Hall plan.

Unfortunately, your January 3, 2008, characterization of the County Executive's conditions precedent as being "red herrings" (a label you clearly intended to be an insult) demonstrates that it is your intention to continue to refuse to address the substance of the conditions precedent and alternative funding plans suggested by Oakland County. Obviously, Wayne County simply doesn't care about the concerns or interests of the residents and taxpayers of Oakland County: you only want their money.

Nevertheless, because the Oakland County Executive continues to believe that a viable Cobo convention facility would be of benefit to the State of Michigan and because he believes that to be viable any such facility must be financially supported, operated, and maintained in a manner that reflects the highest and best business practices, he offers the following:

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In response to your urgent plea that a “deal” be struck before the January 2008 International Auto Show, the Oakland County Executive responds that he can agree to conceptually support a plan involving some participation in a Cobo Hall project after all of the following conditions precedent are met:

First, Michigan’s “Big Three” automakers, General Motors, Ford, and Chrysler, must publicly indicate that they will continue to participate in an annual international auto show at the Cobo Hall facility for the life of any bonds issued to support the remodeling and operation of the facility. No rational business case to remodel Cobo Hall can be made absent committed participation by the hometown automobile companies.

Second, the State of Michigan must formally commit to financially support the project in a substantial manner. Consistent with the scope and magnitude of the total economic impact identified in Draft 1 of the Sowerby Report (the only draft which has been shared with Oakland County) and given the incentives reportedly tendered to Quicken Loans, Volkswagen of America, Uni-Solar, and other state-supported economic development projects, “substantial manner” means at least \$150-200 million in financial support.

Third, both the Mayor of the City of Detroit and the Detroit City Council, as the owners and operators of the Cobo Hall facility, must formally indicate their support for a project that includes the transfer of possession and operational responsibility for Cobo Hall to a statutorily created regional authority governed by a board appointed by the financial stakeholders. That authority board must operate on a mandatory consensus voting model (e.g. see RTCC or SMART). Further, as you have recommended and agreed to on their behalf, the City of Detroit must formally commit to annually covering any operational shortfalls. The City must agree to the management of Cobo Hall by a professional private entity that employs competitive bidding practices that do not include preferences. All businesses and individuals residing, operating, and/or paying taxes in a jurisdiction being taxed to support the project must be given equal opportunity when it comes to bidding for and being awarded work on or at the Cobo Hall facility.

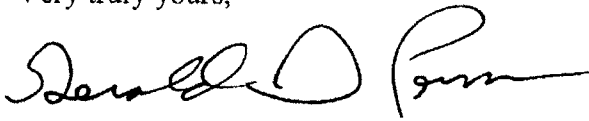
Fourth, Macomb County must formally agree to participate in the financing of the project.

Upon fulfillment of these conditions precedent, the County Executive can conceptually agree to move forward on a plan that does not extend the Convention Facility Development Fund Taxes for a term beyond 7 years, that at the same time preserves funding from that revenue stream for the county substance abuse programs, and that is levied at a reduced rate to be negotiated.

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Moving forward from that conceptual agreement, be advised that Oakland County will continue to advocate for a final deal that includes the principles and positions we have put forward in writing since 2004, including utilization of one or more of the alternative funding mechanisms presented in our three position papers. We will also continue to advocate for funding participation by Washtenaw County and by the entire SEMCOG region. Needless to say, any proposal must be supported by a professional business plan.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerald D. Poisson". The signature is fluid and cursive, with a large loop at the end.

Gerald D. Poisson
Deputy County Executive

cc: Mr. Ben Maiback, Barton Malow Company
Mr. Chuck Watters, Hines
Mr. John Rakolta, Jr., Walbridge Aldinger
Ms. Turkia Awada Mullin, Wayne County
Mr. Matthew Schenk, Wayne County

UNANSWERED QUESTIONS – COBO HALL PROJECT

January 18, 2008

The below listing of questions are embodied in three Cobo Hall reports issued by Oakland County and available on the County's website. They are not meant to be an all-inclusive listing of unanswered questions concerning the Cobo Hall project. Rather, they are examples of unresolved business issues seeking answers in order that a consensus could be reached concerning the Cobo Hall exhibit hall expansion.

- 1) The Ficano proposal would require a to-be-created Authority to purchase Cobo Hall from the City of Detroit for \$20 million.
 - a) Given that the facility has not been properly maintained over the past decade and a half and, as a result, now requires \$209 million in renovations (some for building code violations, including fire code matters), why should the region fund this significant, deferred maintenance obligation that is, was and should continue to be the responsibility of the City of Detroit in accordance with past State statutes and bond covenants?
 - b) After covering the City's \$209 million in deferred maintenance costs, why should the region pay \$20 million acquire a facility that has not been properly maintained by the City?
- 2) The recent Ficano Plan now proposes borrowing \$142 million (down from his original proposal of \$180 million) to create an escrow fund to cover operations. The escrow fund is expected to generate \$9 million annually from investment of the \$142 million in bond proceeds. Wayne County asserts that any regional Cobo Hall authority operating costs that exceed the above \$9 million are to be covered by the City of Detroit. (Today the City reports its annual operating costs to be \$15 million, but is based solely on the appropriation – sans the deferred maintenance problem not above).
 - a) Have the Mayor and City Council agreed to this funding model? If not, then has the present Ficano Plan covered the full cost of the operations (including maintenance to keep the renovated facility in decent working order)?

Oakland County stopped requesting operating information when Wayne County asserted that the County's operating obligation would be limited to funding the escrow fund. Should this assumption be incorrect, the request for annual operating information (including deferred maintenance) would be again requested to determine the depth of the annual subsidy faced by the future regional Authority.

- b) In the past 90 days, the stock market has declined by no less than 1,000 points. If the investment portfolio falls short of the \$9 million earnings, does the City appropriate the additional funds not covered from the investment portfolio to cover the regional authority's operations? If the anticipated funding from the escrow fund is short in any year, how will the annual operating costs be subsidized in this newly-created, legally separate authority?
 - c) Since the Wayne County proposal relating to investment income covers only the amounts derived from the escrow fund as the authority's operating commitment, are the annual charges for maintenance going to be covered through the City's appropriation process and if not, where does the funding come from (presently, the City has not appropriated sufficient resources to allow for the proper maintenance of the facility)?
 - d) Have both the Wayne County Commission and City Council approved the privatization of operations for Cobo Hall given their recent formal objections to contracting out governmental operations?
 - e) Given that Detroit would no longer own Cobo Hall, why would Detroit be liable to fund the operations of a regional authority's facility?
- 3) The newly proposed construction costs are expected to be \$323 million and include:
- Walkway from Renaissance Center Hotel (owned by General Motors Corporation) to Cobo Hall - \$32 million.
 - Renovations to cover deferred maintenance - \$209 million.
 - Expansion of exhibit hall - \$82 million.
- a) Why should the regional and state taxpayers fund a walkway that benefits the operations of privately owned hotels when its owner is not providing any funding toward the expansion of the exhibit hall space or the walkway itself (in General Motors' case even a letter of intention to continue to retain the International Auto Show in Detroit)?
 - b) If there are construction cost over-runs, who and how are the added costs funded?
 - c) Will the construction and operating vendors be selected through competitive bidding, without purchasing preferences, so that all vendors (including those who are outside the City's boundaries) are able to bid and have a realistic chance at securing the construction contract by providing the lowest responsive and responsible bid?
- 4) The governance board is proposed to be comprised of 5 voting members from each of the three counties, City and State, each with an equal vote. Given that Oakland County taxpayers provide more convention facility fund tax revenues than any one of the other proposed voting members, why should they agree to any voting structure

that insures less than meaningful representation? The legislature recognized the validity of this concern when they established the RTCC and to avoid it, they required a unanimous, affirmative voting structure. Why does Wayne County propose anything other than the RTCC model of affirmative voting?

- 5) The City administration, City Council and Macomb County were not involved in the six most recent regional meetings held on Cobo Hall since October 2006 between Oakland and Wayne Counties.
 - a) Have the City administration, City Council and Macomb County officials formally agreed to the provisions outlined in the Wayne County proposal?
 - b) Have their open questions (if any) been satisfied, and, if yes, then how?
- 6) The economic impact study conducted by Mr. Sowerby indicates that there is almost \$600 million in economic benefits derived from the Cobo Convention facility (80% of which relate to the Auto Show). Wayne County also now asserts that there are 16,600 regional jobs dependent upon this single event.
 - a) If the jobs created by Cobo Hall is accurate, would it not then be true that the State derives no less than \$29 million in annual personal income tax revenues from the Auto Show (16,600 jobs x say \$40,000 per job x 4.35%)? Why should this money not be fully returned to the project in support of Cobo Hall?
 - b) Similarly, there is a fair amount of sales tax spun off from the \$600 million in economic impact (although much more difficult to calculate; a Johnson report in 2002 indicated \$6 million annually) that also should be driven back into this project based on a similar theory as the personal income tax revenues noted above.
 - c) The Plante & Moran study conducted by the Detroit Area Dealers Association suggests that 773 jobs are dependent upon the Auto Show in the region (based on 21 of the largest 26 firms participating in the survey). How does this reconcile to the theoretical 16,600 jobs cited by Mr. Sowerby?
 - d) Why did draft 1 of the Sowerby economic impact study apparently assume that 950,000 Auto Show attendees do not go to the casinos at all (such benefits derived by the casinos would increase the economic benefits, but allocate that benefit solely to the casino group not funding the exhibit hall expansion and to Wayne County's allocation percentage)?
 - e) Why was the study limited to covering only the tri-county area and provides for no analysis of the benefits outside of Macomb, Oakland and Wayne Counties?
 - f) The Detroit Area Dealers Association has indicated that the Auto Show provided 871,000 attendees last year. The economic impact study uses 1.2 million

attendees as a basis for all events. The next largest attended event is the SAE at 7,000 attendees. Why would the report use an attendance amount in excess of the attendees cited by DADA?

- g) Why would the allocation between counties be based on population, per capita personal income, employment and personal income and why would it be applicable to a single event, the Auto Show?
 - h) Why would the funding structure ultimately not be tied to the benefit allocations of 75% Wayne County; 20% Oakland County and 5% Macomb County as the jobs are allocated in the more specific Plante & Moran jobs study, by county?
- 7) The automobile companies have not committed to a longer-term relationship with Cobo Hall or to maintain their new product releases at the Detroit International Auto Show.
- a) Since the automobile companies will not make any long-term commitment to providing an International Auto Show at Cobo Hall, isn't it likely that the region could incur tremendous costs to renovate and expand Cobo Hall only to lose the International component of the Auto Show anyway?
 - b) Why should any substantial financial obligation be incurred before the automobile companies commit to retaining the Auto Show at Cobo Hall?
- 8) The burden of funding is proposed to be borne by the tri-county area, and perhaps the State.
- a) If Cobo is truly a "regional asset," why are the other SEMCOG region counties and Washtenaw County, not expected to participate in directly funding the project?
 - b) Why shouldn't the Detroit casinos who will clearly secure substantial benefit from conventions been given a free pass with respect sharing the costs now burdened entirely on the tri-county taxpayers?
 - c) Given the alleged economic impact identified by Mr. Sowerby, why has the State over the past four years of discussion (starting with the Tourism Action Group) been unwilling to fund anything towards this project?
- 9) Michigan's 83 counties share some \$35 million in liquor tax proceeds on an annual basis. Half of those proceeds must be used to fund substance abuse programs. Why does Wayne County believe Michigan's counties will be willing surrender \$35 million per year for the next 15 years (\$525 million) to fund a Cobo Hall Project? How will Michigan's substance abuse programs survive the loss of their funding in these troubled economic times?

- 10) The details of the new proposal of January 17, 2008 unveiled by County Executive Ficano have not been supplied to Oakland County. Oakland County representatives obtained a 'press package' on January 18, 2008 at Michigan Association of Counties meeting. The receipt of the detailed supporting schedules and a better understanding of the conceptual proposal (including the State's commitment for \$150 million) might result in further questions.
- 11) Wayne County's proposal is unclear as to whether the tax-free zone would apply to convention centers other than Cobo Hall, including the types and nature of convention centers other than Cobo Hall. There are several regional convention centers owned and operated by private investors. Should Cobo Hall secure a tax-free zone and be subsidized by taxpayers, why should this benefit not be provided to other regional taxpayers that own and operate a convention facility?